

STRATEGY PRACTICE

## Sparking creativity in teams: An executive's guide

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Senior managers can apply practical insights from neuroscience to make themselves—and their teams—more creative.

**Although creativity is often** considered a trait of the privileged few, any individual or team can become more creative—better able to generate the breakthroughs that stimulate growth and performance. In fact, our experience with hundreds of corporate teams, ranging from experienced C-level executives to entry-level customer service reps, suggests that companies can use relatively simple techniques to boost the creative output of employees at any level.

The key is to focus on perception, which leading neuroscientists, such as Emory University's Gregory Berns, find is intrinsically linked to creativity in the human brain. To perceive things differently, Berns maintains, we must bombard our brains with things it has never encountered. This kind of novelty is vital because the brain has evolved for efficiency and routinely takes perceptual shortcuts to save energy; perceiving information in the usual way requires little of it. Only by forcing our brains to recategorize information and move beyond our habitual thinking patterns can we begin to imagine truly novel alternatives.<sup>1</sup>

In this article, we'll explore four practical ways for executives to apply this thinking to shake up ingrained perceptions and enhance

<sup>1</sup> Berns also highlights two other important ways in which the brains of iconoclasts—people who do things that others say can't be done—differ from those of the rest of us: social intelligence and the fear response. For more, see Gregory Berns, *Iconoclast: A Neuroscientist Reveals How to Think Differently*, Cambridge, MA: Harvard Business School Press, 2008.

creativity—both personally and with their direct reports and broader work teams. While we don't claim to have invented the individual techniques, we have seen their collective power to help companies generate new ways of tackling perennial problems—a useful capability for any business on the prowl for potential game-changing growth opportunities.

## Immerse yourself

Would-be innovators need to break free of preexisting views. Unfortunately, the human mind is surprisingly adroit at supporting its deep-seated ways of viewing the world while sifting out evidence to the contrary. Indeed, academic research suggests that even when presented with overwhelming facts, many people (including well-educated ones) simply won't abandon their deeply held opinions.<sup>2</sup>

The antidote is personal experience: seeing and experiencing something firsthand can shake people up in ways that abstract discussions around conference room tables can't. It's therefore extremely valuable to start creativity-building exercises or idea generation efforts *outside* the office, by engineering personal experiences that directly confront the participants' implicit or explicit assumptions.

Consider the experience of a North American specialty retailer that sought to reinvent its store format while improving the experience of its customers. To jump-start creativity in its people, the company sent out several groups of three to four employees to experience retail concepts very different from its own. Some went to Sephora, a beauty product retailer that features more than 200 brands and a sales model that encourages associates to offer honest product advice, without a particular allegiance to any of them. Others went to the Blues Jean Bar, an intimate boutique retailer that aspires to turn the impersonal experience of digging through piles of jeans into a cozy occasion reminiscent of a night at a neighborhood pub. Still others visited a gourmet chocolate shop.

These experiences were transformative for the employees, who watched, shopped, chatted with sales associates, took pictures, and later shared observations with teammates in a more formal idea generation session. By visiting the other retailers and seeing firsthand how they

<sup>2</sup> See Larry M. Bartels, *Unequal Democracy: The Political Economy of the New Gilded Age*, Princeton, NJ: Princeton University Press, 2010.

operated, the retailer's employees were able to relax their strongly held views about their own company's operations. This transformation, in turn, led them to identify new retail concepts they hadn't thought of before, including organizing a key product by color (instead of by manufacturer) and changing the design of stores to center the shopping experience around advice from expert stylists.

Likewise, a team of senior executives from a global retail bank visited branches of two competitors and a local Apple retail store to kick off an innovation effort. After recording first impressions and paying particular attention to how consumers were behaving, the bankers soon found themselves challenging long-held views about their own business. "As a consumer, I saw bank branches, including our own,

## Ray Kurzweil



This commentary is adapted from a recent interview with inventor, businessman, and author Ray Kurzweil and was conducted by McKinsey Publishing's Lars Föyen.

For the full interview, see "IT growth and global change: A conversation with Ray Kurzweil," on [mckinseyquarterly.com](http://mckinseyquarterly.com).

### Challenging orthodoxies:

#### Don't forget technology

One area of advice that I like to give is to take the discipline of writing down what the underlying technologies that affect your business will be a year from now, two years from now, three years from now—or even every six months. When I read other people's business plans, much of the time they assume not much is going to happen over the next three, four years; cell phones will get a little smaller, but otherwise the world will be the same as it is today. And we know that's not the case. You can look back three, four, five years ago—most people didn't use social networks, wikis, blogs. The world was very different just a few years ago. And it's going to change even more, at an even quicker pace, in the years ahead.

Information technology is growing exponentially. And our intuition about the future is not exponential; it's linear. People think things will go at the current pace—1, 2, 3, 4, 5, and 30 steps later, you're at 30. The reality of information technology, like computers, like biological technologies now, is that it goes exponentially—2, 4, 8, 16. At step 30, you're at a billion. This is not an idle speculation about the future. When I was a student at MIT, we all shared a computer that cost tens of millions of dollars. My cell phone is a million times cheaper, a thousand times more powerful. And we'll do it again in 25 years.

differently,” said one of the executives. “Many of us in the industry are trying to put lipstick on a pig—making old banking look new and innovative with decorations but not really changing what’s underneath it all, the things that matter most to consumers.”

We’ve seen that by orchestrating personal encounters such as these, companies predispose their employees to greater creativity. For executives who want to start bolstering their own creative-thinking abilities—or those of a group—we suggest activities such as:

- ✿ Go through the process of purchasing your own product or service—as a real consumer would—and record the experience. Include photos if you can.
- ✿ Visit the stores or operations of other companies (including competitors) as a customer would and compare them with the same experiences at your own company.
- ✿ Conduct online research and gather information about one of your products or services (or those of a competitor) as any ordinary customer would. Try reaching out to your company with a specific product- or service-related question.
- ✿ Observe and talk to real consumers in the places where they purchase and use your products to see what offerings accompany yours, what alternatives consumers consider, and how long they take to decide.

## Overcome orthodoxies

Exploring deep-rooted company (or even industry) orthodoxies is another way to jolt your brain out of the familiar in an idea generation session, a team meeting, or simply a contemplative moment alone at your desk. All organizations have conventional wisdom about “the way we do things,” unchallenged assumptions about what customers want, or supposedly essential elements of strategy that are rarely if ever questioned.





By identifying and then systematically challenging such core beliefs, companies can not only improve their ability to embrace new ideas but also get a jump on the competition. (For more, see sidebar, “Challenging orthodoxies: Don’t forget technology.”) The rewards for success are big:

Best Buy’s \$3 million acquisition of Geek Squad in 2002, for example, went against the conventional wisdom that consumers wouldn’t pay extra to have products installed in their homes. Today, Geek Squad generates more than \$1 billion in annual revenues.

A global credit card retailer looking for new-product ideas during the 2008 economic downturn turned to an orthodoxy-breaking exercise to stir up its thinking. Company leaders knew that consumer attitudes and behavior had changed—“credit” was now a dirty word—and that they needed to try something different. To see which deeply held beliefs might be holding the company back, a team of senior executives looked for orthodoxies in the traditional segmentation used across financial services: mass-market, mass-affluent, and affluent customers. Several long-held assumptions quickly emerged. The team came to realize, for example, that the company had always behaved as if only its affluent customers cared deeply about travel-related card programs, that only mass-market customers ever lived paycheck to paycheck (and that these customers didn’t have enough money to be interested in financial-planning products), and that the more wealthy the customers were, the more likely they would be to understand complex financial offerings.

The process of challenging these beliefs helped the credit card retailer’s executives identify intriguing opportunities to explore further. These included simplifying products, creating new reward programs, and working out novel attitudinal and behavioral segmentations to support new-product development (more about these later).

Executives looking to liberate their creative instincts by exploring company orthodoxies can begin by asking questions about customers, industry norms, and even business models—and then systematically challenging the answers. For example:

-  What business are we in?
-  What level of customer service do people expect?
-  What would customers *never* be willing to pay for?
-  What channel strategy is essential to us?

## Use analogies

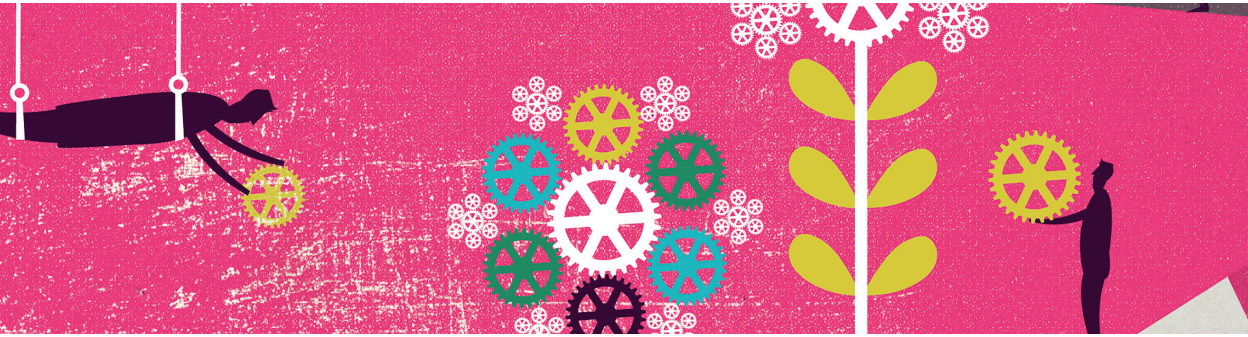
In testing and observing 3,000 executives over a six-year period, professors Clayton Christensen, Jeffrey Dyer, and Hal Gregersen, in a *Harvard Business Review* article,<sup>3</sup> noted five important “discovery” skills for innovators: associating, questioning, observing, experimenting, and networking. The most powerful overall driver of innovation was associating—making connections across “seemingly unrelated questions, problems, or ideas.”

Our own experience confirms the power of associations. We’ve found a straightforward, accessible way to begin harnessing it: using analogies. As we’ve seen, by forcing comparisons between one company and a second, seemingly unrelated one, teams make considerable creative progress, particularly in situations requiring greenfield ideas. We’re not suggesting that you emulate other organizations—a recipe for disappointment. Rather, this approach is about using other companies to stir your imagination.

We recently used this technique in a brainstorming session involving the chief strategy officers (CSOs) of several North American companies, including a sporting-goods retailer. The rules were simple: we provided each executive, in turn, with a straightforward analogy the whole group would use to brainstorm new business model possibilities. When it was the turn of this retailer’s CSO, we asked the group to consider how Apple would design the company’s retail formats. The resulting conversation sparked some intriguing ideas, including one the retailer is considering for its stores: creating technology-assisted spaces, within its retail outlets, where customers can use Nintendo Wii-like technology to “try out” products.

Of course, most companies will use this tactic internally—say, in idea generation sessions or problem-solving meetings. Executives at the credit card retailer, for example, created analogies between their company and other leading brands to make further headway in the areas the team wanted to explore. By comparing the organization to Starwood Hotels, the executives imagined a new program that rewarded customers for paying early or on time (good behavior) instead of merely offering them bonus points for spending more (bad behavior). Similarly, by comparing the company’s back-office systems to those of Amazon.com and Google, the credit card retailer learned to think

<sup>3</sup>Clayton Christensen, Jeffrey Dyer, and Hal Gregersen, “The innovator’s DNA,” *Harvard Business Review*, December 2009, Volume 87, Number 12, pp. 60–67.



differently about how to manage its data and information in ways that would benefit consumers as they made product-related decisions *and* would also give the company valuable proprietary data about their behavior. Together, these insights led to several ideas that the company implemented within two months while also giving it a portfolio of longer-term, higher-stakes ideas to develop.

Analogies such as those the credit card retailer used are quite straightforward—just draft a list of questions such as the ones below and use them as a starting point for discussion.

- ⚙ How would Google manage our data?
- ⚙ How might Disney engage with our consumers?
- ⚙ How could Southwest Airlines cut our costs?
- ⚙ How would Zara redesign our supply chain?
- ⚙ How would Starwood Hotels design our customer loyalty program?

## Create constraints

Another simple tactic you can use to encourage creativity is to impose artificial constraints on your business model. This move injects some much-needed “stark necessity” into an otherwise low-risk exercise.

Imposing constraints to spark innovation may seem counterintuitive— isn’t the idea to explore “white spaces” and “blue oceans”? Yet without some old-fashioned forcing mechanisms, many would-be creative thinkers spin their wheels aimlessly or never leave their intellectual comfort zones.

The examples below highlight constraints we've used successfully in idea generation sessions. Most managers can easily imagine other, more tailored ones for their own circumstances. Start by asking participants to imagine a world where they must function with severe limits—for instance, these:

- ⚙️ You can interact with your customers only online.
- ⚙️ You can serve only one consumer segment.
- ⚙️ You have to move from B2C to B2B or vice versa.
- ⚙️ The price of your product is cut in half.
- ⚙️ Your largest channel disappears overnight.
- ⚙️ You must charge a fivefold price premium for your product.
- ⚙️ You have to offer your value proposition with a partner company.

The credit card retailer tried this approach, tailoring its constraints to include “We can’t talk to customers on the phone,” “We can’t make money on interchange fees,” and “We can’t raise interest rates.” In addition to helping company managers sharpen their thinking about possible new products and services, the exercise had an unexpected benefit—it better prepared them for subsequent regulatory legislation that, among other provisions, constrained the ability of industry players to raise interest rates on existing card members.



Creativity is not a trait reserved for the lucky few. By immersing your people in unexpected environments, confronting ingrained orthodoxies, using analogies, and challenging your organization to overcome difficult constraints, you can dramatically boost their creative output—and your own. ○

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